

VZCZCXRO1687  
RR RUEHMT  
DE RUEHBU #0156/01 0441435  
ZNR UUUUU ZZH  
R 131435Z FEB 09  
FM AMEMBASSY BUENOS AIRES  
TO RUEHC/SECSTATE WASHDC 3036  
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC  
RUCPDOG/USDOC WASHINGTON DC  
RHMFIUU/HQ USSOUTHCOM MIAMI FL  
RHMCSUU/FAA NATIONAL HQ WASHINGTON DC//AWH-10//  
RHMCSUU/FAA MIAMI SO IFO23 MIAMI FL  
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RUCNMER/MERCOSUR COLLECTIVE  
RUEHMT/AMCONSUL MONTREAL 0070

UNCLAS SECTION 01 OF 02 BUENOS AIRES 000156

SIPDIS  
SENSITIVE

STATE EEB FOR DANIEL MOORE, MEGAN WALKLET-TIGHE, KRISTIN GUSTAVSON  
TRANSPORTATION FOR BRIAN HEDBERG  
FAA FOR BONNIE AHUMADA, KRISTA BERQUIST  
FAA MIAMI FOR JAY RODRIGUEZ  
BRASILIA FOR SHARON WALLOPPILLAI  
MONTREAL PASS USMISSION TO ICAO

E.O. 12958: N/A  
TAGS: [EAIR](#) [ECON](#) [PREL](#) [AR](#)  
SUBJECT: Argentina: Airport Landing Fee Decrease and User Fee  
Increase Rolled Back

Refs: (A) Buenos Aires 139  
(B) Buenos Aires 123  
(C) 08 Buenos Aires 1660  
(D) 07 Buenos Aires 2390

SUMMARY  
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1. (SBU) After announcing cuts in aircraft landing fees and linked increases in airport passenger user fees in late February, the GoA has rescinded the move, reportedly at the behest of former President Nestor Kirchner. International carriers had been promised the landing fee cuts in December 2007. According to Ernesto Gutierrez, head of private airport concessionaire Aeropuertos Argentinas 2000, the boost in passenger fees would have provided additional revenues to fund airport security upgrades, a key concern of U.S. airlines which operate in Argentina. END SUMMARY.

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The Official Word: Fees Up; No, Fees Down  
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2. (SBU) GOA airport regulator ORSNA published February 4 a resolution that airport user fees (referred to in Argentina as the "airport tax," and currently collected by GOA tax agency AFIP) would increase beginning on March 1. For international outbound travelers, the fee would increase 61% from USD 18 to USD 29, and the fee for domestic ticket holders would rise 140% from 6.05 pesos (USD 1.73) to 14.5 pesos (USD 4.14). Landing fees for commercial flights, which depend on the size of the plane, would increase 30% for companies that are behind in their airport fee payments. Companies that are up to date, which according to our civair contacts include all U.S. carriers, would instead receive a 30% discount from previous rates on landing fees.

3. (SBU) Sergio Hurtado, American Airlines General Director in Argentina, told Econoff February 12 that all air carriers in Argentina had been aware of the new landing fees and international, but not domestic, passenger fees for the last few months. The changes fulfilled conditions specified in the revised concession contract that the GoA signed with private airport concessionaire Aeropuertos Argentinas 2000 (AA2000) signed in December 2007, which stated that airline landing fees would be reduced at least 25%, but that increased passenger fees would ensure that AA2000's overall revenues would not be reduced (Ref D). Rolf Meyer, United Airlines

Country Manager in Argentina, told Econoff February 12 that a separate part of the resolution indicated that the old landing fee table would be eliminated, leaving open the possibility that the 30% landing fee discount would eventually be applied on a higher rate base.

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GoA Walks Back  
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14. (U) On February 9, media reported that GOA Planning Minister Julio De Vido, while accompanying President Fernandez de Kirchner on her official visit to Spain, ordered that the fee increases not be implemented. There was no official reason given for the change, nor was it clear whether the fees might eventually be reinstated. The press quoted an anonymous Transportation Secretariat employee as saying that the suspension of the new fees was only temporary, given that the original resolution had not gone through proper channels. Both Hurtado and Meyer told Econoff that they have been told that former President and current First Husband Nestor Kirchner heard about the passenger user fee increases shortly after they were published in the press, and in the face of upcoming mid-term Congressional elections, called De Vido to tell him to roll them back. Hurtado and Meyer also stated that they expected the domestic passenger fee to either be eliminated or reduced, but expressed optimism that the other fee changes - especially the landing fee reduction - would eventually be implemented. Hurtado pointed out that \$18 was one of the lowest international passenger airport user fees in South America, adding that \$29 was close to average.

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AA2000: Security Upgrades Tied to Fee Rise  
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15. (SBU) In a conversation with the Ambassador on February 5, Ernesto Gutierrez, President of AA2000, stated that he had been expecting the fee increases. He noted that, even with landing fees discounted by 30%, more timely payment by airlines and additional passenger user fee revenues would allow AA2000 to make much-needed security upgrades, particularly at Ezeiza International, Argentina's principal airport located just outside of Buenos Aires. (NOTE: in a roundtable with a visiting eight-member CODEL on January 30, U.S. airline representatives called airport security issues a significant concern with respect to their operations in Argentina -- Ref B. END NOTE.)

16. (SBU) According to the ORSNA resolution, expanded airport user fees will permit AA2000 to improve its maintenance operations. Gutierrez added that this would be the first airport user fee increase in ten years, and commented that the planned security upgrades, which had been approved by the GOA Ministry of Justice's airport security police agency (PSA), were similar to upgrades that AA2000 had performed at an airport it operates in Morocco, and had been requested for another it operates in Montevideo, Uruguay. PSA officials confirmed to Embassy TSA representative that they has been counting on revenue from the fee increases to fund security improvements.

7 (SBU) Gutierrez also commented that ANAC (the National Civil Aviation Administration) still had no budget, and was operating with office space and computers on loan from AA2000. He gave no indication that he was aware of the pending transfer of civil aviation control from the military to ANAC on April 1 (Ref A).

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COMMENT  
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18. (SBU) U.S. carriers have expressed their disappointment that, over a year after a revised GoA concession agreement with AA2000 was signed, promised cuts in aircraft landing fees have yet to be implemented. The reasons for the GoA delay in lowering landing fees and raising passenger fees remain unclear. Beyond being unpopular with voters, perhaps the GoA is loath to increase passenger fees at

a time when a rapidly slowing economy is cutting heavily into domestic and international tourism revenues. In a similar vein, a new visa fee for citizens of countries who charge such fees for Argentines has also been postponed (Ref C).

WAYNE